



**State of Tennessee**  
**PUBLIC CHAPTER NO. 409**

**SENATE BILL NO. 1292**

**By Tracy, Yager, Kelsey, Burks, Beavers, Crowe, Haile, Ketron**

Substituted for: House Bill No. 1121

By Womick, Jernigan, Durham, Sparks, Forgety

AN ACT to amend Tennessee Code Annotated, Title 4; Title 8; Title 56; Title 68 and Title 71, relative to suppliers of equipment and services to certain healthcare coverage programs.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 56-32-104(a)(3)(E), is amended by deleting the subdivision in its entirety and substituting instead the following:

(a)(3)(E) In the event the HMO enters into an agreement with any physician-hospital organization, or any other provider, provider group, or provider network, for the provision of healthcare services on a prepayment basis or other risk sharing basis, the commissioner may not disallow the agreement on the basis that it transfers risk to the physician-hospital organization or other provider, provider group or provider network; or transfers the risk of payment for services to the physician-hospital organization or other provider, provider group or provider network; provided, that the HMO shall:

(i) Remain contractually responsible to its enrollees;

(ii) Enter into contractual arrangements utilizing contract provisions and arrangements that ensure compliance with applicable federal law, rule, regulation or waivers, including federal requirements; and

(iii) Assure the physician-hospital organizations, providers, provider groups, or provider networks that are at substantial financial risk obtain either aggregate or per-patient stop-loss protection insurance coverage for the healthcare services included in the scope of the arrangement; or the HMO remains contractually responsible to the subcontracted providers and provides a system for reserving for its continued liability; and

SECTION 2. Tennessee Code Annotated, Section 56-2-201(1), is amended by deleting the subdivision in its entirety and substituting instead the following:

(1) "Accident and health insurance" means insurance against bodily injury, disablement or death, by accident or accidental means, or the expense of bodily injury, disablement or death, against disablement or expense resulting from sickness, and every insurance pertaining thereto; providing for the mental and emotional welfare of an individual and members of the individual's family by defraying the cost of legal services; or providing aggregate or excess stop-loss coverage in connection with employee welfare benefit plans, managed care organizations participating in commercial plans or the TennCare program, or both, health maintenance organizations, long-term care facilities, physician-hospital organizations as defined in § 56-32-102 and provider aggregate or per-patient stop-loss protection insurance coverage as authorized by § 56-32-104;

SECTION 3. The provisions contained in this act shall terminate on December 31, 2016, and the law in effect prior to this act's effective date shall be restored.

SECTION 4. This act shall take effect upon becoming a law, the public welfare requiring it.

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PASSED: April 18, 2013

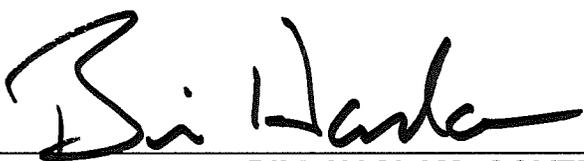


RON RAMSEY  
SPEAKER OF THE SENATE



BETH HARWELL, SPEAKER  
HOUSE OF REPRESENTATIVES

APPROVED this 16<sup>th</sup> day of May 2013



BILL HASLAM, GOVERNOR